A man in a blue shirt and olive green jacket stands in a park, holding a drone controller. A drone is flying in the air above him. The background features a brick building and lush greenery.

DNA's mobile service revenue build up net sales and EBITDA

Interim Report January-March 2019

25 April, 2019

Jukka Leinonen, CEO

Timo Karppinen, CFO

Forward looking statement

This presentation contains, or may be deemed to contain, statements that are not historical facts but forward-looking statements. Such forward-looking statements are based on the current plans, estimates and expectations of DNA's management based on information available to it on the date of this presentation. By their nature, forward-looking statements involve risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future. Future results of DNA may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree. DNA undertakes no obligation to update this presentation after the date hereof.

Business review – Jukka Leinonen, CEO

January-March 2019 business review:

- Highlights of the first quarter of 2019
- Key operational KPIs and development of subscription base
- DNA's strategic targets and market outlook for 2019

Financial review – Timo Karppinen, CFO

- Key figures' development
- Financial targets and dividend policy



Business Review

Jukka Leinonen, CEO



Q1/2019: Net sales increase was fuelled by the growth in mobile device sales and mobile service revenue



Net sales increased 2.9% and amounted to EUR 228.9 million (222.3)

- Mobile device sales and mobile service revenue increased net sales
- Growth in mobile service revenue*, +5.5%, was mainly due to the growth in the mobile subscription base
- Mobile device sales were up 17.1% from the reference period



EBITDA increase is mostly due to the impact of IFRS 16, but growth in mobile service revenue also contributed to it

- EBITDA increased 7.7% and was EUR 76.1 million (70.7); 33.2% of net sales (31.8%)
- The operating result decreased and was EUR 34.8 million (35.2), 15.2% of net sales (15.8%). Operating result was weakened by an increase in depreciation.



Strong momentum of operational KPI's

- Average revenue per user for mobile communications (ARPU) declined from the reference period and was EUR 18.3 (EUR 18.9). The decrease was due to the drop in interconnection charges since December 2018.
- CHURN decreased and was 17.2% (18.9%)
- Mobile subscription base increased by 40,000 y-on-y and was 2,851,000 in total. From the end of 2018 the base decreased by 26,000 subscriptions due to a decrease in prepaid subscriptions (-35,000); postpaid subscriptions increased by 9,000
- Subscription base for fixed broadband increased by 18,000 and cable-TV subscriptions increased by 11,000

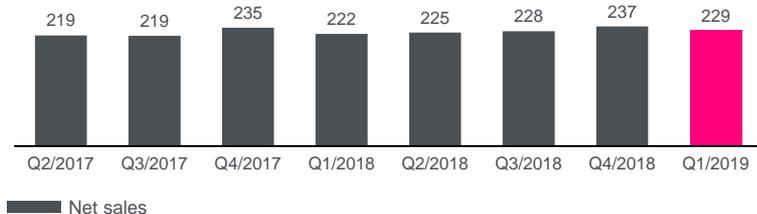
Notes

*Mobile service revenue = revenue generated by mobile subscriptions. Consumer and corporate mobile communication and mobile broadband services, corporate M2M services and corporate mobile virtual network operator (MVNO) services.

Q1/2019 – Mobile service revenue increased by 5.5%

Growth in mobile service revenue (+5.5%) and strong mobile device sales (+17.1%) boosted quarter's net sales

EUR million y-on-y + 2.9% in Q1/2019



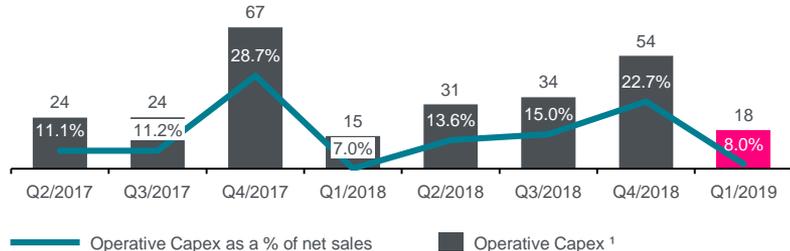
EBITDA¹ increased 7.7% from the reference period and margin was 33.2%

EUR million y-on-y 7.7% in Q1/2019



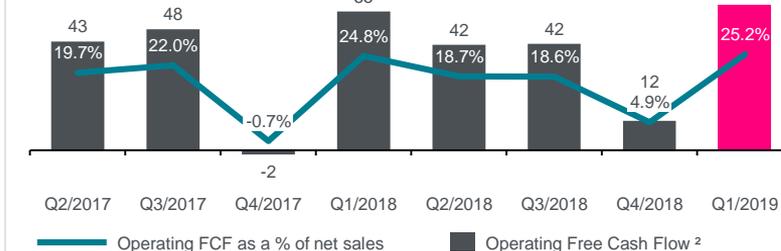
Operative capex¹ increased 18.2% year-on-year

EUR million y-on-y + 18.2% in Q1/2019



Operative free cash flow² increased from the reference period

EUR million

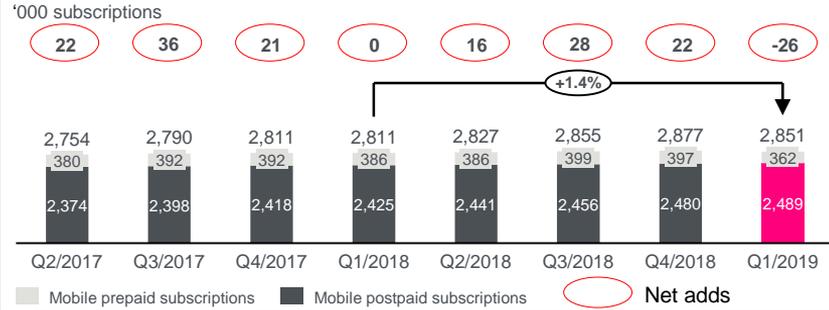


Notes

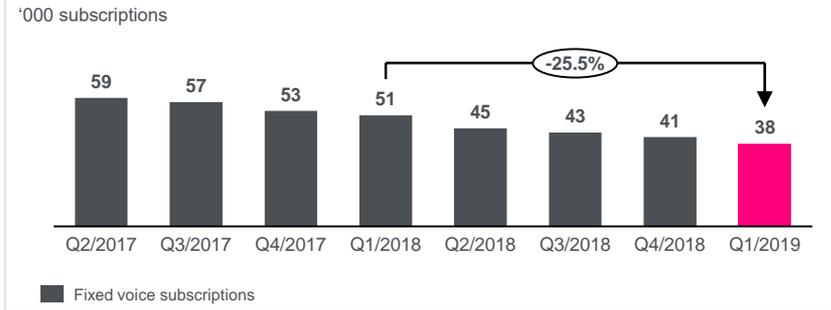
- 1. Operative capex = investments excluding capitalised spectrum license payments and lease investments (IFRS 16)
- 2. Operating free cash flow defined as EBITDA minus operative capex

Mobile and fixed network subscription base grew by 56,000 from the reference period

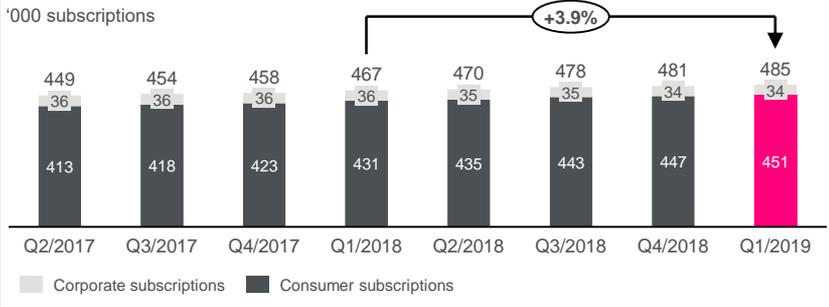
Mobile communication subscription base up by 40,000 y-on-y



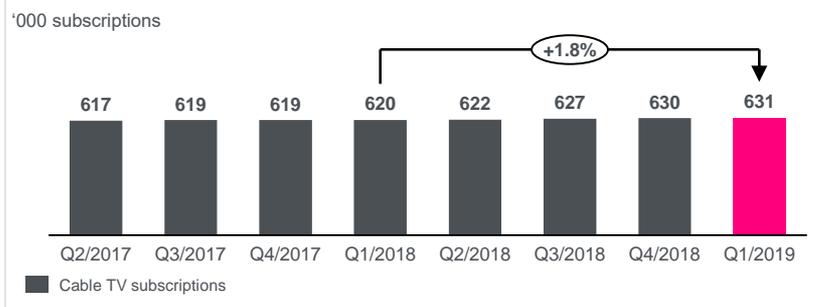
Our customers kept moving away from using fixed-voice subscriptions



Fixed broadband subscription base increased by 18,000 subscriptions from the reference period

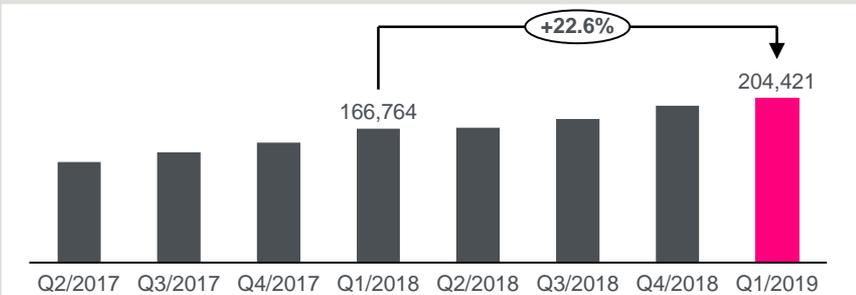


Cable TV subscriptions increased by 11,000 subscriptions from the reference period

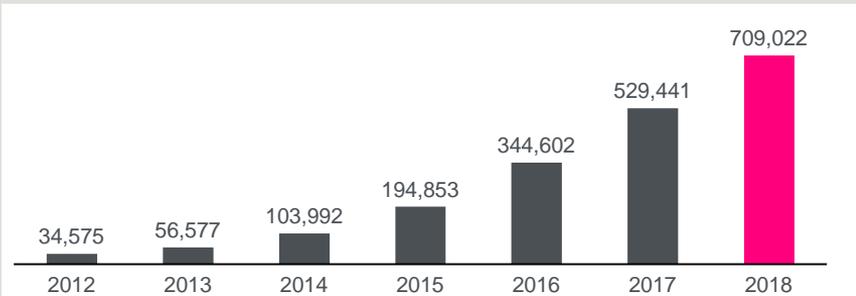


Already 94% of all mobile data usage was transferred in 4G network

Total mobile data traffic (GB, '000) increased again over 20%



Mobile data traffic (GB, '000)



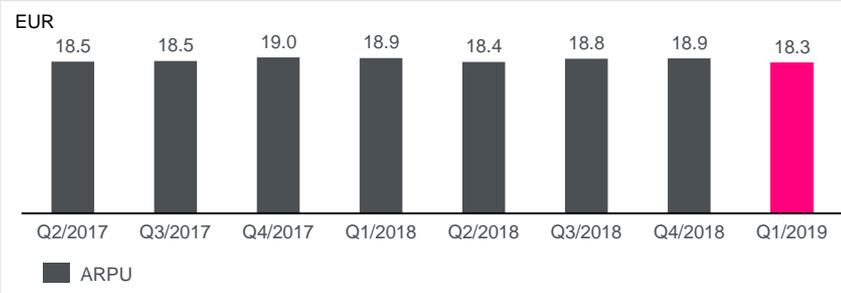
Key highlights in January-March 2019

- DNA's mobile data traffic increased about 23% from the reference period
- In January-March 2019, DNA's mobile data usage was 23.7 gigabytes/month/subscription
- According to the report published by Tefficient* in March 2019, DNA's customers had the second-highest mobile data usage per subscription in the world in 2018 - averaging 20.8 gigabytes per month; in 2017, the average figure was 15.9 gigabytes.

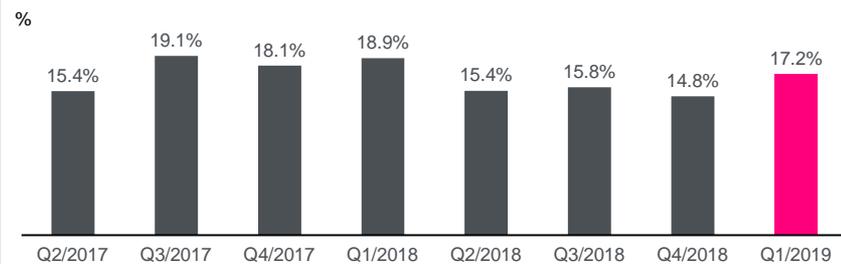
* Tefficient's report 1/2019: <https://tefficient.com/all-operators-climbed-the-tree-4g-turned-usage-growth-into-arpu-growth/>
Tefficient is an international telecommunications specialist providing analysis, benchmarks and consulting services.

The subscription turnover rate (CHURN) decreased and was 17.2%

Mobile postpaid ARPU decreased compared to the reference period



Mobile communication CHURN (postpaid) improved from the reference period



Key highlights in January-March 2019

- Demand of 4G subscriptions continued to grow steadily
 - 4G subscription base has increased 7 %-points year-on-year and its' share of mobile subscriptions was 62.9%¹ (55.9%)
- ARPU decreased y-on-y 3.1% and was EUR 18.3 (18.9)
 - ARPU was impacted by lower interconnection charges from the beginning of December
- CHURN improved from the reference period and was 17.2% (18.9%)
 - CHURN increased from the very low level of previous quarter

Notes

1. Share of mobile postpaid handset subscriptions in Consumer business, includes subscriptions with data transfer of 50 megabits per second or more

ARPU = Average revenue per user

CHURN = Subscription turnover rate

DNA's main events during January-March 2019

DNA was chosen the best workplace in Finland by the Great Place to Work institute in the category of large organisations.

We prepare our network for 5G deployment: the upgrade of DNA's 4G network was completed during the first quarter in cities including Helsinki, Tampere and Turku. Network updates have more than doubled the data transfer speeds.

On January 2019, DNA acquired European Mobile Operator Oy; subsidiary Moi Mobili provides mobile services to private and corporate customers.

In January, DNA signed a four-year agreement with Veikkaus to supply the gaming company with the largest company-specific network in Finland; almost 7,000 Veikkaus sales outlets.

The AGM confirmed dividend of EUR 0.70 per share and additional dividend EUR 0.40 per share, in total EUR 1.10 per share.

Norwegian telecommunications company Telenor is buying 54% of DNA's shares

- Telenor is buying the shares of DNA's two largest owners, Finda Telecoms Ltd (28.3%) and PHP Holding Ltd (25.8%)
- The transaction is subject to certain conditions, including the approval by the general meetings of the seller entities and required regulatory approvals. Finda's and PHP's General Meetings will be held on 6 May 2019
- Telenor expects to have regulatory approvals during Q2-Q3/2019
- Completion of the transaction will trigger a mandatory public tender offer for the remaining outstanding shares in DNA. Telenor estimates that the tender offer will happen during Q3/2019 and the cash consideration per share will be EUR 20.90
- Subject to the outcome of the mandatory tender offer, Telenor has announced its intention to keep DNA's listing on the Nasdaq Helsinki stock exchange
- Telenor is seen as a global, long-term owner that brings value and new opportunities for DNA's employees and customers
- Transaction has no impact on DNA's operations or customer service



We are on track to achieve our strategic objectives



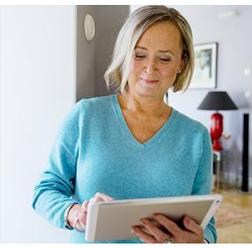
The most satisfied consumer and corporate customers

DNA is a great place to work: DNA aims to be one of the most desired employers in Finland



Industry-leading financial development

Faster than average market growth



Market outlook for 2019

The Finnish economy will continue to expand, but growth has passed its cyclical peak. (the Bank of Finland)

We expect the mobile network service market growth to moderate and competition to remain intense for mobile communication services.

The share of 4G subscriptions is expected to grow, but at a more moderate rate. The number of high-speed 4G subs. and mobile data usage per subscription increases.

The SMS and voice revenue in the mobile communication network is forecasted to continue decreasing.

Demand for fast broadband and entertainment services is expected to increase driven by the popularity of streaming and on-demand video services.

The demand for traditional pay-TV services is expected to decline.

The demand for Industrial Internet solutions, and subsequently for M2M* subscriptions, is expected to grow. The role of data security gain in importance.

DNA sees fixed wireless broadband access as the first application to strongly benefit from 5G technology. 5G devices are expected to be launched during 2019.

*Machine to Machine

A photograph of three men in a cafe setting. One man on the right is seated at a wooden table, looking at a tablet. Two other men stand behind him, looking on. The scene is outdoors with a building and trees in the background.

Financial review

Timo Karppinen, CFO

Positive development in January-March financial KPI's

EUR, million	1-3/2019	1-3/2018	Change %	1-12/2018
Net sales	228.9	222.3	2.9%	911.8
EBITDA	76.1	70.7	7.7%	284.9
% of Net Sales	33.2%	31.8%		31.2%
Operating Result	34.8	35.2	-1.2%	138.9
% of Net Sales	15.2%	15.8%		15.2%
Net Result	25.3	24.4	3.4%	102.2
% of Net Sales	11.0%	11.0%		11.2%
Operative Capex	18.3	15.5	18.2%	133.9
% of Net Sales	8.0%	7.0%		14.7%
Operating FCF ¹	57.7	55.2	4.7%	151.0
Net Debt	469.6	304.0		379.3
Net Debt / EBITDA	1.54	1.08		1.33

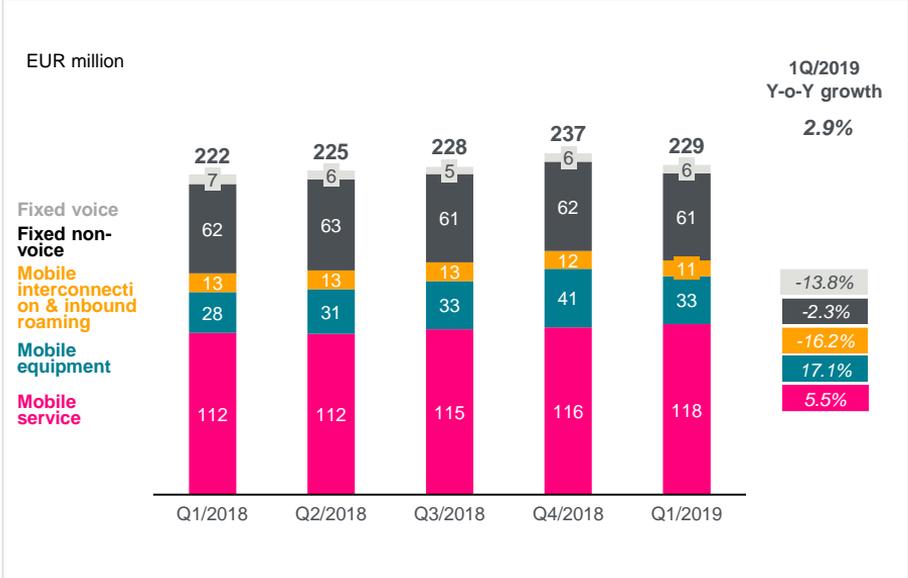
Notes

1. Operating free cash flow defined EBITDA minus operative capex



Q1/2019: Mobile service revenue grew 5.5% from the reference period

Net sales for the quarter were supported by strong growth in mobile equipment sales and mobile services



Key highlights in January-March 2019

- Mobile service revenue grew 5.5% from the reference period
 - The growth was fuelled by an increase in the average billing per customer and by an increase in the mobile subscriptions base
 - Average revenue per user (ARPU) was EUR 18.3 (18.9)
- Mobile equipment sales were strong and increased by 17.1%
- Revenue from fixed voice continued to decline as expected
- Mobile interconnection revenue decreased due to the decrease in interconnection prices effective since December 2018
- Fixed non-voice has been impacted in particular by declined sales of pay TV

Moi Mobiili is now part of Consumer business instead of Corporate business

Q1/2019: Consumer business

Net sales EUR 173.6 million (+5.1%)

- + Net sales were driven by the growth in mobile service revenue and mobile device sales
- Revenue per user (ARPU)¹ decreased and was EUR 19.7 (20.4). ARPU was affected by the transfer of Moi's subscriptions to Consumer business and by the decrease in interconnection prices

EBITDA EUR 57.6 million (+7.8%)

- + EBITDA was improved as a result of IFRS 16, as well as by an increase in mobile service revenue

Q1/2019: Corporate business

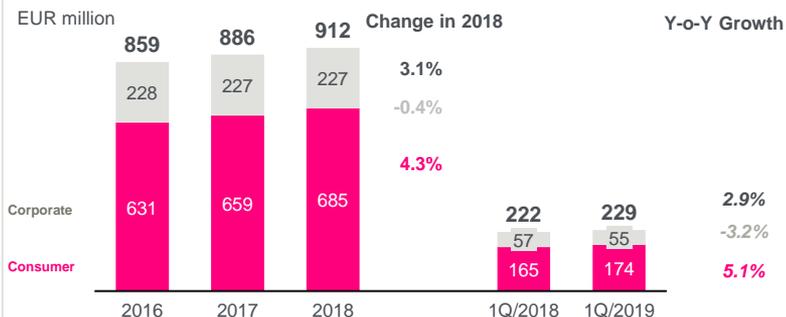
Net sales EUR 55.3 million (-3.2%)

- The decrease in net sales was mainly due to the change in the reporting of Moi Mobiili, which is now disclosed under consumer business, as well as the decrease in interconnection charges
- Corporate customers' mobile ARPU declined slightly from the reference period and was EUR 13.4 (13.7), mainly due to lower interconnection charges

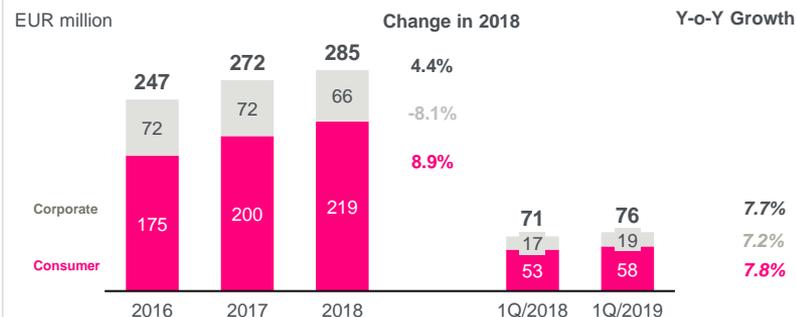
EBITDA EUR 18.5 million (+7.2%)

- + EBITDA was improved as a result of IFRS 16

Consumer and corporate net sales, EUR million



Consumer and corporate EBITDA, EUR million



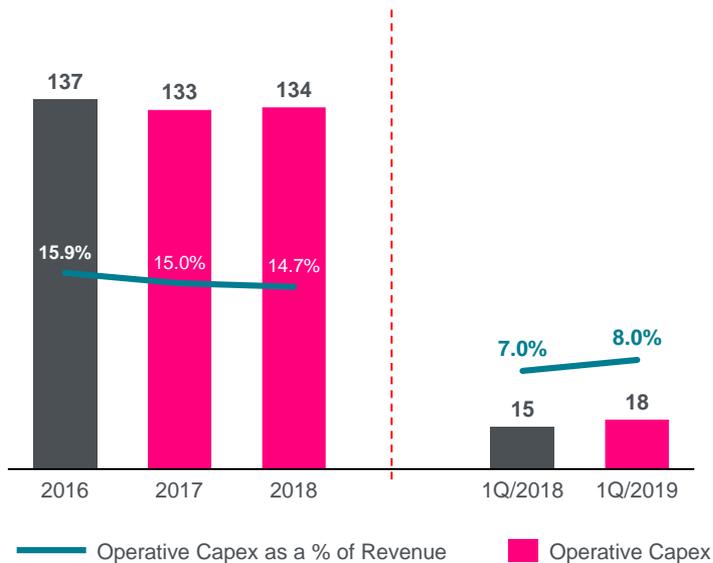
Notes

1. Consumer mobile postpaid handset subscription ARPU

Operative CAPEX was slightly higher compared to reference period

Operative capex¹ was 8.0% of net sales in January-March

EUR million



Notes

1. Operative capital expenditure is reported capital expenditure excluding cash instalments for spectrum licenses capitalized and lease investments (IFRS 16 impact)

Key highlights in January-March 2019

- Operative capital expenditure was EUR 18.3 million (15.5), or 8.0% of net sales (7.0%)
- Typical for the beginning of the year, operative capital expenditure were on a low level
- In January, the spectrum licence fees of EUR 8.6 million (4.4 million) for the 700 MHz and 3.5 GHz bands were capitalised
- Major individual items included in capital expenditure are 4G network capacity expansion and network development towards 5G, fibre optics networks and transmission systems

Operating free cash flow increased from reference period

Cash flow summary				
EUR million	2016	2017	2018	1-3/2019
Comparable EBITDA	247	272	285	76
Operative Capex	(137)	(133)	(134)	(18)
Operating FCF	110	139	151	58
<i>% of net sales</i>	12,8%	15,7%	16,6%	25,2%
<i>Cash Conversion %</i>	44,6%	51,1%	53,0%	75,9%
Interest paid, net	(9)	(9)	(17)	(6)
Income taxes, paid	(5)	(26)	(12)	(10)
Adjusted Change in NWC	(1)	19	(48)	(27)
Change in Provisions	(2)	(5)	(2)	1
FCFE	93	119	72	15
<i>% of net sales</i>	10,8%	13,4%	7,9%	6,5%

Key highlights in January-March 2019

- Operating free cash flow was EUR 58 million (EUR 55 million)
 - + EBITDA higher year-on-year
 - + Operating FCF increased 5.5% from the reference period
- Free cash flow to equity EUR 15 million (in the end of 2018: EUR 72 million)
 - Growth in working capital was mainly due to decrease in trade payables.

Low cost capital structure

Weighted average cost of debt: 1.31% (Q4/2018: 1.34%)

	Maturity	Nominal Amount EUR million	Book Value EUR million	Cost of Debt
Unsecured € Bond 1.375% Coupon	Mar-2025	250	242	1,43%
Unsecured € Bond 2.875% Coupon	Mar-2021	60	60	2,93%
Bank Loans and Commercial Paper		111	111	0,18%
Total		421	414	1,31%
Lease liabilities (IFRS 16)			83	
Cash & Cash Equivalents			-27	
Net Debt			470	
Net Debt/EBITDA¹			1,54	

DNA's long-term credit rating (03/2018)

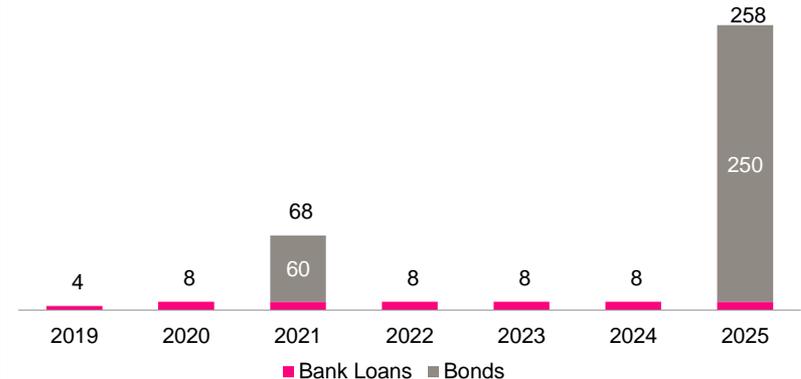
Assigned Rating	BBB (S&P)
Outlook	Stable

Notes

1. Defined as net debt divided by EBITDA from the beginning of year (adjusted)

Debt maturity schedule, EUR million

EUR 150 million fully undrawn revolving credit facility providing additional liquidity and financial flexibility



Financial objectives and dividend policy

DNA financial guidance for 2019

- DNA's net sales are expected to remain at the same level as in 2018, and EBITDA is expected to increase substantially from 2018. DNA's financial position and liquidity are expected to remain at a healthy level.

DNA's guidance for 2019 is disclosed with consideration to the impact of the adoption of IFRS 16. The adoption of IFRS 16 from the beginning of 2019, is estimated to have EUR 17 million positive impact on EBITDA in 2019. The impact of IFRS 16 on operating result (EBIT) is insignificant.

Mid-term financial targets

- Net sales growth – faster than average market growth
- EBITDA margin of at least 34%, including IFRS16 impact
- Operative capital expenditure¹ less than 15% of sales

Leverage policy

- Net debt/EBITDA less than 2.0
Can be temporarily exceeded in case of potential attractive bolt-on in-market M&A opportunities

Dividend policy

- DNA's goal is to pay a growing dividend or by other means to return capital equalling 80-100% of the net profit for the period. In addition, the Board may consider the distribution of excess profit to shareholders for a specific financial period
- DNA paid a dividend of EUR 0.70 per share and an extra dividend of EUR 0.40 per share from 2018
- In total EUR 1.10 per share, 6.4% payout ratio (as of number of shares and closing price of 31 Dec 2018)
- Total payout in April was EUR 145.4 million

Notes

1. Operative capex is capital expenditure excluding spectrum license payments and lease investments (IFRS16 impact).

Thank you!



More information:
DNA's Investor Relations
Marja Mäkinen
+358 44 044 1262,
marja.makinen@dna.fi

KPI Overview

Mobile KPIs

	2016	2017	2018	1Q/2018	1Q/2019
Mobile Revenue (EUR million)	539	586	640	154	162
Service	375	420	454	112	118
Equipment Sales	111	114	134	28	33
Interconnection & Inbound Roaming	53	52	52	13	11
Mobile Subscriptions (000s)¹	2 742	2 811	2 877	2 811	2 851
Postpaid	2 338	2 418	2 480	2 425	2 489
Prepaid	404	392	397	386	362
Consumer	2 262	2 252	2 287	2 248	2 315
Corporate	480	559	590	563	536
ARPU, Mobile Handset Subscriptions (EUR/month)²					
Postpaid	17.1	18.4	18.7	18.9	18.3
Prepaid	3.8	3.8	3.9	3.8	4.2
Consumer (postpaid)	18.0	19.6	20.3	20.4	19.7
Corporate (postpaid)	13.9	13.8	13.2	13.7	13.4
Annualised Mobile Handset Subscriptions Churn (%)					
Postpaid	16.1%	18.3%	16.2%	18.9%	17.2%

Fixed KPIs

	2016	2017	2018	1Q/2018	1Q/2019
Fixed Revenue (EUR Million)	320	300	272	69	66
Non-Voice Revenues	288	273	248	62	61
Voice Revenues	32	28	24	7	6
Fixed Broadband Subscriptions (000s)	440	458	481	467	485
Consumer	403	423	447	431	451
Corporate	37	36	34	36	34
Fixed Voice Subscriptions (000s)	65	53	41	51	38
Consumer	30	25	21	24	19
Corporate	35	29	20	26	19
Cable-TV Subscriptions (000s)	608	619	630	620	631

Notes

1. Excludes M2M subscriptions
 2. Includes interconnection revenues
- ¹Including IFRS '15